

Message Text

CONFIDENTIAL

PAGE 01 KUWAIT 05962 280840Z
ACTION EB-07

INFO OCT-01 SS-15 SP-02 INR-07 EUR-12 NSC-05 TRSE-00 FEA-01
ISO-00 NEA-10 /060 W
-----280935Z 007620 /12-S

R 280712Z DEC 76
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 6924
INFO AMEMBASSY BEIRUT
AMEMBASSY ALGIERS
USINT BAGHDAD
AMEMBASSY BONN
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY PARIS
AMEMBASSY QUITO
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA
USMISSION OECD PARIS UNN
USMISSION EC BRUSSELS

C O N F I D E N T I A L KUWAIT 5962

E.O. 11652: GDS
TAGS: ENRG, OPEC, KU
SUBJ: KUWAIT FOREIGN MINISTER'S COMMENTS ON DOHA OPEC MEETING

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KUWAIT 05962 280840Z

REF: KUWAIT 5348

1. DURING MY CALL ON FOREIGN MINISTER SHAIKH SABAH AL-AHMAD
AL-JABER AL-SABAH DEC 27 ON ANOTHER SUBJECT, WE REVIEWED OUT-
COME OF OPEC MEETING AT DOHA WHICH RESULTED IN PRICE INCREASE
SPLIT BETWEEN SAUDI ARABIA/UNITED ARAB EMIRATES AND REMAINING

ELEVEN OPEC MEMBERS INCLUDING KUWAIT. I EXPRESSED MY SURPRISE THAT KUWAIT HAD GONE ALONG WITH THE ADDITIONAL 5 PERCENT INCREASE ABOVE THE ORIGINAL 10 PERCENT, PARTICULARLY IN VIEW OF THE FACT THAT ACTING AMIR HAD TOLD ME GOK WAS NOT SEEKING LARGE INCREASE AND WOULD COORDINATE WITH SAUDI ARABIA, ALTHOUGH I ADMITTED HE DID SAY KUWAIT WOULD GO ALONG WITH OPEC MAJORITY. (REFTEL).

2. SABAH AL-AHMAD INDICATED THAT THIS LAST POINT WAS DETERMINING FACTOR FOR GOK, BUT EXPRESSED HIS DISSATISFACTION WITH THE MEETING RESULTS AND PARTICULARLY OVER THE BLAME WHICH KUWAIT SEEMS TO HAVE RECEIVED AS A RESULT OF ITS LEADING ROLE IN ARRANGING A 10-15 PERCENT COMPROMISE AMONG ELEVEN OPEN MEMBERS. FOREIGN MINISTER ASSURED ME THAT GOK OIL MINISTER WENT TO DOHA MEETING WITH INSTRUCTIONS NOT TO AGREE TO MORE THAN 10 PERCENT PRICE INCREASE. IN FACT, KUWAIT DEL HAS SUBMITTED RESOLUTION CALLING FOR 10 PERCENT INCREASE (REFTEL). KUWAIT'S RESOLUTION HAD ANGERED SEVERAL OPEC MEMBERS INCLUDING IRAN, IRAQ, LIBYA AND ALGERIA.

3. MOST OF ALL, HOWEVER, SABAH AL-AHMAD WAS DISMAYED BY SAUDI TACTICS IN ADVANCING THEIR POSITION OF FIRST A PRICE FREEZE AND EVENTUALLY A 5 PERCENT INCREASE. THE FOREIGN MINISTER SAID THAT THE GOK HAD RECEIVED A LETTER FROM KING KHALID ANNOUNCING THE "FREEZE" POSITION THE VERY SAME DAY THE OPEC MEETING BEGAN. THISE WAS NO PREVIOUSW CONSULTATIONS ON THIS MATTER. THEN, YAMANI LEFT MEETING TO CONSULT WITH HIS GOVERMENT AND AFTER HIS RETURN WOULD NOT DEIGN TO PARTICIPATE IN INFORMAL NIGHTTIME MINISTERIAL GET-TOGETHER WHICH TOOK PLACE IN OIL MINISTER KAZIMI'S HOTEL ROOM. SABAH AL-AHMAD CONSIDERED CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KUWAIT 05962 280840Z

THAT YAMANI'S TACTIS OF ATTEMPTING TO DICTATE THE SAUDI POSITION TO THE OTHERS WAS SIMPLY NOT ACCEPTABLE. HE INSISTED THAT KUWAIT DID NOT FOLLOW ANYONE'S POLICY BUT ITS OWN AND INDICATED THAT OTHER OPEC NATIONS REACTED IN THE SAME WAY TO SAUDI HIGH-HANDEDNESS.

4. WHILE SOME MIGHT CONSIDER 10 PERCENT PRICE INCREASE MODEST--A VIEW WITH WHICH I SAID I COULD NOT AGREE--I TOLD SABAH AL-AHMAD THAT I FELT THE DECISION TO RAISE PRICE BY 15 PERCENT AFTER SIX MONTHS WAS NOT A MODERATE STEP BY ANY REASONABLE STANDARD. SABAH AL-AHMAD REITERATED KUWAIT'S DESIRE NOT TO EXCEED 10 PERCENT AND SAID THAT IT HAD SUPPORTED COMPROMISE ONLY TO MAINTAIN SOLIDARITY AMONG REMAINING OPEC MEMBERS. HE FLET THAT ADDITIONAL 5 PERCENT INCREASE MIGHT NOT BE IMPLEMENTED, NOTING THAT THERE WOULD BE MEETINGS BEFORE JULY WHERE THIS SUBJECT WOULD BE DISCUSSED. HE DID NOT, HOWEVER, COMMIT KUWAIT--IN RESPONSE TO MY QUERY--TO A POSITION HOLDING TO A 10 PERCENT INCREASE ONLY.

5. AS WE ENDED OUR DISCUSSION OF THIS SUBJECT, SABAH AL-AHMAD AGAIN EXPRESSED HIS DISMAY AT OPEC MEETING OUTCOME AND ASSERTED THAT KUWAIT DID NOT WANT TO BE REGARDED AS A PROPONENT FOR A LARGER INCREASE. IN FACT, HE TOLD ME THAT KUWAIT WAS GOING TO RESTRICT ITS OIL PRODUCTION IN 1977 TO 1.2 MILLION B/D SUGGESTING THAT THEY WERE ALREADY MAKING ENOUGH MONEY OFF OIL AS IT WAS.

6. COMMENT: SABAH AL-AHMAD WAS GREATLY CONCERNED THAT KUWAIT WOULD BE GROUPED AMONG MORE GREEDY OPEC MEMBERS SUCH AS IRAN, IRAQ, LIBYA, ETC. WHILE KUWAIT DOES NOT REALLY BELONG IN THIS GROUP, GOK CERTAINLY DID NOT DEMONSTRATE ANY PARTICULARLY FIRMNESS IN HOLDING TO A 10 PERCENT INCREASE AS ITS UPPER LIMIT. THERE MAY BE A POSSIBILITY THAT GOK COULD BE CONVINCED TO OPPOSE THE FURTHER 5 PERCENT INCREASE IN JULY, PARTICULARLY IF SAUDI ARABIA WOULD BE WILLING TO RAISE ITS PRICE INCREASE TO 10 PERCENT, WHICH IS WHAT FOREIGN MINISTER SEEMED TO FEEL
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 KUWAIT 05962 280840Z

WOULD TAKE PLACE. REDUCTION OF KUWAIT DAILY PRODUCTION LEVEL AS MENTIONED ABOVE MAY NOT BE INDEPENDENT GESTURE ON PART OF KUWAIT, BUT RATHER A REALISTIC APPRECIATION OF REDUCED SALES POTENTIAL FOR HEAVY HIGH-SULFUR KUWAIT CRUDE IN A MORE COMPETITIVE MARKET.
MAESTRONE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PERSONAL OPINION, PETROLEUM, PRICES, CONSORTIUMS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KUWAIT05962
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760473-0846
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761210/aaaaaimj.tel
Line Count: 145
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 KUWAIT 5348
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by hartledg>; APPROVED <02 AUG 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KUWAIT FOREIGN MINISTER'S COMMENTS ON DOHA OPEC MEETING CONFIDENTIAL CONFIDENTIAL
TAGS: ENRG, KU, OPEC, (AL-SABAH, SABAH L-AHMAD AL-JABER)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006